

Message Text

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ORIGIN EUR-25

INFO OCT-01 ADP-00 CG-00 L-03 COA-02 EB-11 FMC-04 INT-08

IGA-02 AID-20 COME-00 SS-14 NSC-10 CIAE-00 DODE-00

INR-09 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 TRSE-00

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DRAFTED BY EUR/ NE: EWFLEISHER: SMW

3/26/73 EXT. 29451

APPROVED BY EUR - MR. STOESSEL

EUR/ NE - MR. GEORGE

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R 270001 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY REYKJAVIK

INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 055693

E. O. 11652: GDS

TAGS: MASS IC

SUBJECT: ICELANDIC INTEREST IN COAST GUARD CUTTER

REF: STATE 053790

1. IN MEETING WITH ICELANDIC AMBASSADOR KROYER ASSISTANT SECRETARY STOESSEL SAID WE WANT TO BE AS HELPFUL TO ICELAND AS WE CAN AND WILL BE HAPPY TO FACILITATE ICELANDERS EX-AMINING CUTTERS UNITED STATES COAST GUARD MAY BE PLANNING TO RETIRE. IF AFTER SEEING SHIPS GOI IS INTERESTED IN AC-QUIRING ONE WE WILL BE HAPPY TO CONSIDER A FORMAL ICELANDIC REQUEST. HOWEVER, WE CANNOT DIVORCE REQUEST FOR CUTTER FROM ICELAND' S DISPUTE WITH GREAT BRITAIN AND FEDERAL REPUBLIC OF GERMANY OVER FISHERIES. AS GOI WELL KNOWS, WE DO NOT WISH TO BECOME INVOLVED IN THIS DISPUTE AMONG OUR ALLIES WHICH WE HOPE WILL BE SOON AMICABLY RE-SOLVED.

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2. AS LONG AS THIS DISPUTE CONTINUES WE WOULD HAVE DIFFI-

CULTY MEETING ICELANDIC REQUEST FOR A CUTTER- EVEN IF THE CUTTER WERE ONLY USED FOR EMERGENCY ASSISTANCE OFF WESTMANN ISLANDS, IT WOULD FREE ANOTHER CUTTER TO TAKE PART IN THE FISHERIES CONTROVERSY.

3. IN RESPONSE TO AMBASSADOR KROYER'S INQUIRY, MR. STOESSEL SAID WE WOULD HAVE NO OBJECTION TO THE ICELANDERS DEALING DIRECTLY WITH THE COAST GUARD BUT WOULD GOOD. UNDER SECRETARY CONSIDERED MEETING OF OECD EXECUTIVE COMMITTEE (NEW STYLE) AS USEFUL, PARTICULARLY AGREEMENT ON CONTINUING WORK PROGRAAM ON LONG- RANGE CAPITAL FLOWS AND INVESTMENT STIMULI.

3. DAVIGNON COMMENTED ON THE FAVORABLE OUTCOME OF THE LAST INTERNATIONAL MONETARY CRISIS. TO IMPROVE THE US- EC DIALOGUE, THE NINE MUST, IN HIS VIEW, DEVELOP AN OVERALL VIEW OF THEIR RELATIONS WITH THE US, EMBRACING POLITICAL AND SECURITY ASPECTS AS WELL AS ECONOMIC. EC COORDINATION IN ECONOMIC MATTERS IS WELL ADVANCED, BUT REGARDING POLITICAL- DEFENSE CONSULTATION, EC STILL " LEARNING TO WALK." WHEN A NEW FRENCH GOVERNMENT IS FORMED, IT MAY BE POSSIBLE TO MAKE MORE PROGRESS THAN IN THE PAST ON US- EC DIALOGUE. HE URGED MORE EC- US ATTENTION TO COMMON PURPOSES AND TO DEVELOPMENT OF AREAS OF AGREEMENT AND CONCERTED ACTION, SUCH AS RELATIONSHIP OF INDUSTRIAL COUNTRIES TO LDC' S, ENVIRONMENTAL ISSUES, AND THE ENERGY PROBLEM.

4. ACCORDING TO DAVIGNON, AGRICULTURAL PRICE PROBLEM IS ILLUSTRATIVE OF COMMUNITY' S DIFFICULTY IN REACHING EUROPEAN POSITIONS THAT RESPOND TO US CONCERNS. EC COMMISSION PROPOSING VERY SMALL INCREASE WHEAT PRICES, NO INCREASE MILK PRICE, SIGNIFICANT INCREASE IN BEEF. FRENCH GOVERNMENT PROMISED LARGE PRICE INCREASES DURING ELECTION CAMPAIGN, WHILE UK WANTS NO INCREASE. A BIG FIGHT IS THEREFORE IN PROSPECT WITHIN EC. WHILE RESULTS WILL NOT BE ALL US WOULD WISH, ATMOSPHERE GENERATED FOR SUBSEQUENT US- EC NEGOTIATIONS WILL DEPEND PARTLY ON WHETHER US FOCUSES PUBLIC ATTENTION ON POSITIVE OR NEGATIVE ASPECTS OF THE OUTCOME.

5. DAVIGNON SEES REVERSE PREFERENCES AS MORE OF POLITICAL LIMITED OFFICIAL USE

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THAN TECHNICAL ISSUE. MANY ARGUMENTS ARE USED BY EC, BUT CENTRAL PROBLEM IS EC COUNTRIES' FEELING OF RESPONSIBILITY TOWARDS AFRICAN LDC' S. AMONG LIMITED MEANS OF DEMONSTRATING THEIR CONCERN IS PURCHASE OF NON- COMPETITIVE PRODUCTS, SUCH AS SOMALI BANANAS. FTA ARGUMENTS ARE ATTEMPTS TO RATIONALIZE, BUT NOT FUNDAMENTAL. REGARDING GENERALIZED PREFERENCES, DAVIGNON REPORTED EC ENCOUNTERING TWO MAIN PROBLEMS: (A) SOME COUNTRIES, E. G. YUGOSLAVIA, QUICKLY GOBBLE UP WHOLE QUOTA ALLOTTED TO LDC' S, AND (B) LACK OF

AGREED ACTION ON LDC COMMODITY PRICES LIMITS EFFECTIVENESS
OF PREFERENCES.

6. UNDER SECRETARY WAS ACCOMPANIED BY AMBASSADOR
STRAUSZ- HUPE, ASSISTANT SECRETARY ARMSTRONG, AMBASSADOR
MALMGREN, MESSRS. KATZ AND BOOCHEVER; DAVIGNON, BY
NOTERDAEME (FOREIGN MINISTER' S CHEF DE CABINET) AND
DE DOBBELEER (MFA DIRGEN ECONOMIC AFFAIRS).

7. ABOVE IS SUMMARY OF UNCLEARED MEMORANDUM OF CONVERSATION.
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